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SURVEY *of* CURRENT BUSINESS



IN THIS ISSUE . . .

*Preview of the NIPA Comprehensive Revision:
Definitional and Classificational Changes*

*Foreign Direct Investment in the United States:
1997 Benchmark Survey, Preliminary Results*



SURVEY of CURRENT BUSINESS

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It incorporates data from the following monthly BEA news releases:

U.S. International Trade in Goods and Services (July 20),

Gross Domestic Product (July 29), and

Personal Income and Outlays (July 30).

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The upcoming comprehensive revision of the NIPA's will feature a number of definitional and classificational changes that will significantly improve the NIPA measures of output, investment, and saving. In particular, business and government expenditures for software will be recognized as fixed investment, government employee retirement plans will be reclassified from the government sector to the personal sector, and certain transactions will be reclassified as capital transfers. The recognition of software as investment will raise GDP (for 1996, by roughly 1½ percent); the other definitional and classificational changes will have little effect on GDP, but several of them will raise private saving and reduce government saving.

- 21 Foreign Direct Investment in the United States: Preliminary Results From the 1997 Benchmark Survey

In 1997, U.S. affiliates of foreign companies accounted for 6.3 percent of U.S. gross product originating in private nonbank industries and for 4.9 percent of U.S. employment. Trade by U.S. affiliates accounted for 20 percent of U.S. exports of goods and for 30 percent of U.S. imports of goods. Affiliates accounted for more than half of U.S. exports of goods to Japan and for more than half of U.S. imports from Japan, Switzerland, Germany, and Sweden. These findings are based on the preliminary results of BEA's 1997 Benchmark Survey of Foreign Investment in the United States. This survey marks the first use by BEA of a new industry classification system that is based on the North American Industry Classification System.

Regular features

- 1 Business Situation

Real GDP increased 2.3 percent in the second quarter of 1999 after increasing 4.3 percent in the first quarter; the slowdown was mainly accounted for by a deceleration in consumer spending and a downturn in government spending. The price index for gross domestic purchases increased 2.1 percent after increasing 1.2 percent; the step-up reflected a sharp upturn in energy prices.

57 State Personal Income, First Quarter 1999

Personal income in the Nation increased 1.2 percent in the first quarter of 1999. The States with the fastest growth were Idaho, Maine, South Carolina, Wyoming, New York, Florida, and California. Personal income declined in North Dakota, Nebraska, South Dakota, and Iowa, and it was unchanged in Delaware.

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LOOKING AHEAD

- ✻ ***Revision of the National Income and Product Accounts.*** The upcoming comprehensive, or benchmark, revision of the NIPA's is scheduled for initial release on October 28, 1999. This revision will include the annual revision of the NIPA's that would normally have been published in this issue of the SURVEY. (See this issue for a preview of the definitional and classificational changes that will be introduced in the comprehensive revision.) The September SURVEY will include an article about the new and redesigned NIPA tables that will be introduced in the comprehensive revision. Subsequent issues will include articles that describe the statistical changes, including a shift in the reference year for the chain-type measures, and other aspects of the revision.
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